STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Mining and Minerals Division
1220 St. Francis St.
Santa Fe, New Mexico 87505
Telephone: (505) 476-3400

MINING INSPECTION REPORT

Name of Operator:	United Nuclear Corporation (UNC)
Name of Mine:	Anne-Lee and John-Bill Mines
Address:	P.O. Box 3077, Gallup, NM 87305
Permit Number:	MK027PR and MK028PR
Commodity:	Prior Reclamation Uranium Sites **X SURFACE** **__UNDERGROUND**
Date of Inspection:	11-15-2007
Time of On-Site Inspection:	10:30 ~15:30
Weather Conditions:	~55° to 65°F, cool/mild, dry, mostly clear, breezy
Purpose of Inspection:	Re-Vegetation Success Monitoring & Prior Reclamation Inspection
Lead Inspector:	Holland Shepherd – MMD
Present During Inspection:	MMD: Holland Shepherd, James Hollen, Susan Lucas-Kamat; UNC: Larry Bush + one field staff

ENFORCEMENT ACTION TAKEN: None
NOTICE OF VIOLATION: #_____ YES:___ NO:__X
CESSATION ORDER: YES:___ NO:_X

Time: On-Site:__5__ Permit Review:__2___ Travel:__6___ Report Writing:__2

TOTAL INSPECTION TIME: _15___HOURS

NOTES:

Both of the reclaimed uranium mine sites, Anne-Lee and John-Bill, are situated within the Ambrosia Lake Mining District, located approx. 20 miles north-northwest of Grants off State Rd. 509 in McKinley County, New Mexico.

A series of locked gates require access permission obtained through UNC. A high clearance, 4WD vehicle is required when surface conditions are wet or snow covered.

Anne-Lee Mine: (T 14 N, R 9 W, Sec. 27, N.M.P.M.)

John-Bill Mine: (T 14 N, R 9 W, Sec. 34, N.M.P.M.)

U.S.G.S. 7.5' Series Quadrangle Map: *Ambrosia Lake*

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from NMMA and must be permitted as an Existing Mining Operation.

MMD extends UNC's 1998 Variance through CY 2000.

UNC's Variance expired in 2000 and since, UNC has failed to permit the Anne-Lee and John Bill Sites which have been determined by MMD to qualify as existing mines under NMSA 1978, Section 69-36-3 (E).

2007 – MMD conducts a review of previously active uranium mine sites in New Mexico, including UNC's Anne-Lee and John-Bill Sites.

June 15, 2007 – MMD informs UNC that the permitting compliance issues must be finally resolved either by conducting current site inspections to determine compliance with the Act, or by MMD filing motion with the NM Mining Commission requesting dismissal of UNC's appeal for non-prosecution.

July 10, 2007 – UNC agrees to allow MMD access to the Anne-Lee and John-Bill sites for inspection.

November 15, 2007 – Site Inspections completed by MMD at the Anne-Lee and John-Bill sites. Evaluation of data is ongoing and compliance determinations are pending from MMD.

INSPECTION NARRATIVE:

The site inspections were arranged by MMD through Larry Bush of UNC. MMD personnel met Larry Bush and one other UNC field staffer in Grants, and then followed Larry to the Ambrosia Lake District. In addition to observing the current status of each of the reclaimed sites for overall integrity and erosional stability, the purpose of the site inspections was to conduct vegetation monitoring and sampling transects to observe progress and determine success of ongoing re-vegetation efforts carried out at each site. Initial site re-vegetation efforts have failed to meet success criteria for release under prior reclamation and results from vegetative sampling conducted by MMD during the last site inspections completed in summer of 1995 indicated that, neither the Anne Lee site, nor the John Bill site, had reached required plant density or species diversity for release from the NMMA. The surfaces of both sites were highly erodible and very dry and according to Larry, the general area had not received any significant or measurable precipitation in over two months.

The Anne-Lee Mine consists of a reclaimed, concrete-plugged and buried mine shaft feature situated within an area approximately 1/10 acre in size. While the immediate area of the reclaimed shaft was re-seeded in 1994, prior to that, the surrounding area associated with the Anne-Lee Mine was reclaimed in the early 90's as part of the UMTRCA Title 1 reclamation completed by the DOE. The feature consists of a roughly square shaped, mound-like expression, rising approximately 20' above the surrounding land surface. A sealed, underground mine vent shaft feature and a groundwater monitoring well are also present in the immediate area and GPS locations of these features were acquired. Moderately steep outslopes extend some 40' to 60' outward from a slightly depressed and undulating, but generally flat, top-surface. Only the top surface of the feature is fenced to exclude cattle from grazing in the area and to protect the re-vegetation and reclamation aspects of the site from erosion issues and unauthorized grazing. Cattle activity along the unfenced outslopes of the feature have impacted existing vegetation and disturbed the surface soils creating potential erosion problems although no immediate erosion issues were observed. Although Larry Bush indicated that the shaft has settled and subsided on

community.

GPS coordinates were acquired at each of the locations designating the point of beginning and ending for both transects completed on the John-Bill site. The vegetation transect surveys completed at the John-Bill site were randomly generated and established by utilizing the same sampling grid and methodologies established during previous vegetation transect surveys completed in October 1998.

Because no vegetation reference area exists for either the Anne-Lee or the John-Bill sites, by which to judge whether the sites allow for designation as a self-sustaining ecosystem pursuant to the Act, the reference standard used for comparison by MMD in this case, is the NRCS Range Site Description for this area designated by the NRCS as WP-2, Sandy. Further statistical analyses using the quantitative results obtained from each vegetation transect survey completed on both sites will be required to determine whether the average percent cover values for each site have been attained and meet re-vegetation success criteria for release from the Act.

Upon completion of the vegetation transect surveys of the John-Bill; MMD concluded the site inspection by briefly discussing with Larry, the path forward. MMD indicated that based on lack of vegetation and overall poor field conditions observed at the Anne-Lee reclamation, release based on prior reclamation for this site was unlikely and that at minimum, the site would need re-seeding. MMD indicated that because the John-Bill site exhibited more successfully established re-vegetation conditions, results of pending statistical analysis of the transect data would have to be completed prior to MMD's determination of compliance with the Act.

ACTION ITEMS:

Complete statistical analysis of data obtained from vegetation transect surveys.

Recommend a seed-mix suitable for UNC to utilize in future re-vegetation efforts at the Anne-Lee Site.

Determine compliance with the Act.

PHOTOS:

Photos taken during this field inspection can be found archived at the following location: L:\MARP\PriorReclamation

MAINTENANCE ITEMS:

Recommend that UNC extend fencing to include outslopes of the mound feature and exclude cattle from all reclaimed areas at the Anne-Lee Site. Fencing should be in accordance with NMDG&F Fencing Guidelines.

Recommend that UNC reseed the entire Anne-Lee reclamation area. The area should be mulched and re-seeded by hand broadcasting and raking an approved seed-mix into the surface. A recommended seed mix consisting of grasses and forbs, as well as, the suggested rates of application are specified below in lbs. pure live seed (PLS) per acre (lbs./ac.):

Blue Grama – Hatchita 1.0
Crested Wheat Grass 5.0
Western Wheat Grass 2.5

SHEET 1 OF 2

Site Name ANN LEE / UNC Date 111507

Location AMBROSIA LAKE DIST. Grid TOP SURFACE OF SEALED SHAFT NE → SW TREND

Transect Description 1 FOOT INTERVAL

Investigators SHEPHERD HOLLEN LUCAS-KAMAT

1 CO	2 CO	3 CO	4 RT	5 BG
6 RT	7 RT	8 L	9 RT	10 RT
11 RT	12 BG	13 BG	14 BG	15 BG
16 BG	17 BG	18 BG	19 BG	20 L
21 BG	22 RT	23 BG	24 BG	25 BG
26 BG	27 BG	28 BG	29 RT	30 BG
31 BG	32 BG	33 BG	34 BG	35 BG
36 IRG	37 IRG	38 AST	39 BG	40 BG
41 BG	42 BG	43 L	44 IRG	45 L
46 BG	47 AST	48 AST	49 BG	50 AST

Total Rock %_____

Total Bare Ground %_____

Total Grass %_____ Total Perennial %_____ Total Annual %_____

Total Forb %_____

Total Litter %_____

BG = BARE GRND

CO = COCHIA

AST = ASTER

RT = RUSSIAN THISTLE

WG = WHEATGRASS

L = LITTER

IRG = INDIAN RICE GRASS

SHEET 2 OF 2

Site Name ANN LEE / UNC Date 111507

Location _____ Grid TOP SURF NW → SE TREND

Transect Description _____

Investigators _____

1 L	2 BG	3 BG	4 BG	5 BG
6 BG	7 BG	8 BG	9 AST	10 BG
11 RT	12 RT	13 BG	14 RT	15 BG
16 RT	17 BG	18 AST	19 AST	20 L
21 L	22 WG	23 L	24 L	25 BG
26 L	27 RT	28 RT	29 BG	30 BG
31 RT	32 BG	33 L	34 BG	35 BG
36 L	37 BG	38 BG	39 BG	40 L
41 BG	42 RT	43 L	44 BG	45 BG
46 AST	47 AST	48 AST	49 BG	50 BG

Total Rock %_____
Total Bare Ground %_____
Total Grass %_____ Total Perennial %_____ Total Annual %_____
Total Forb %_____
Total Litter %_____

* SEE SHT 1 OF 2 FOR ABBREVIATIONS

Site Name: Ann Lee
Operator: UNC
Location: Ambrosia Lake District
Grid: Surface of sealed shaft; inside fence
Transect Number: 2
Transect Description: SE corner to NW corner of fenced shaft
Interval: 1 foot interval
Date: 11/15/2007
Investigators: Holland Shepherd, James Hollen, Susan Lucas Kamat

1 litter
2 bare ground
3 bare ground
4 bare ground
5 bare ground
6 bare ground
7 bare ground
8 bare ground
9 aster
10 bare ground
11 russian thistle
12 russian thistle
13 bare ground
14 russian thistle
15 bare ground
16 russian thistle
17 bare ground
18 aster
19 aster
20 litter
21 litter
22 wheat grass
23 litter
24 litter
25 bare ground
26 litter
27 russian thistle
28 russian thistle
29 bare ground
30 bare ground
31 russian thistle
32 bare ground
33 litter
34 bare ground
35 bare ground
36 litter
37 bare ground
38 bare ground
39 bare ground
40 litter
41 bare ground
42 russian thistle
43 litter
44 bare ground
45 bare ground
46 aster
47 aster
48 aster
49 bare ground
50 bare ground

70% NO Plants 28% litter

HHT = 25

BG